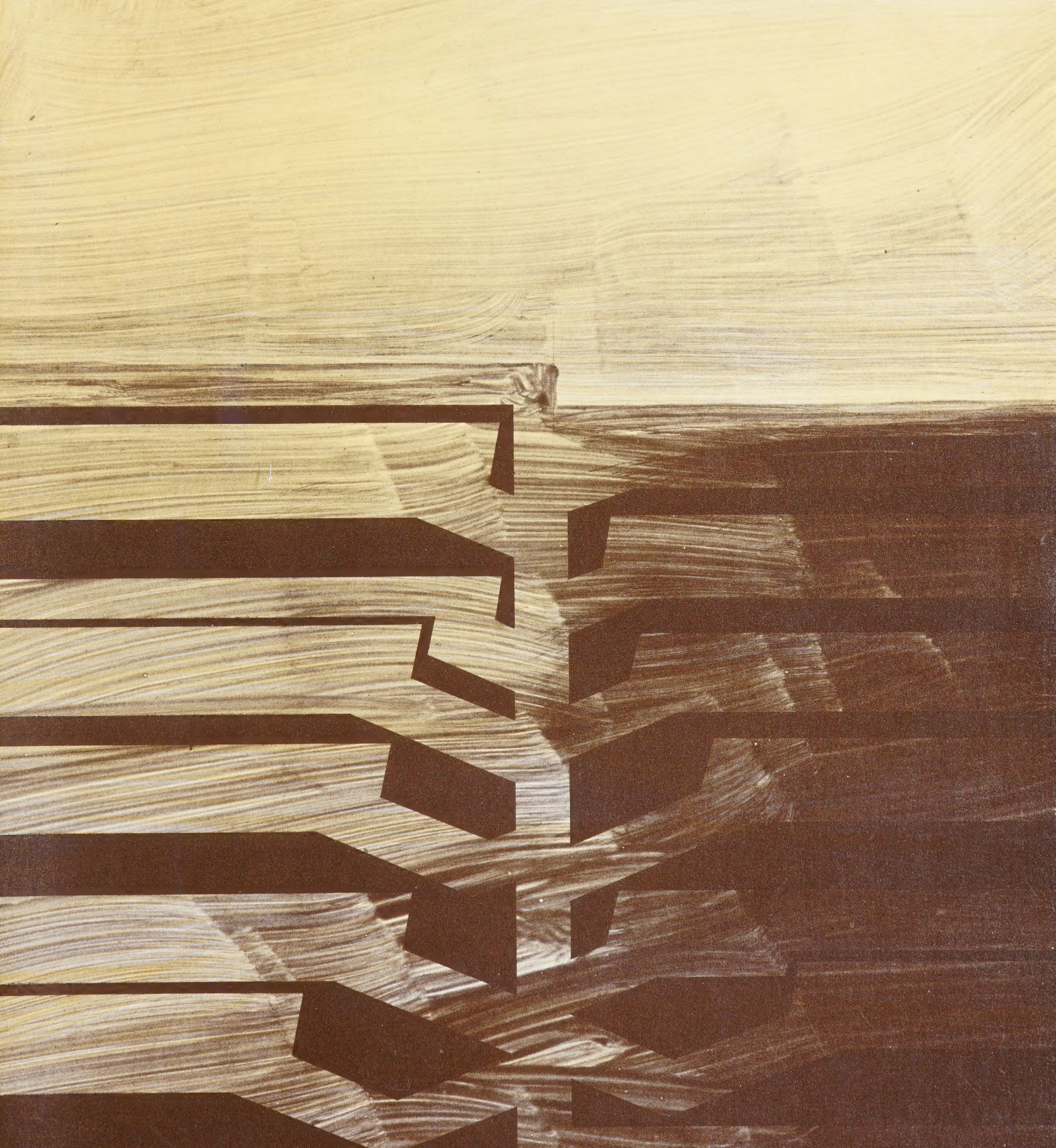
indusmin limited

Annual Report 1975



indusmin limited

Operations

Industrial Minerals Division

Nepheline Syenite

Plant No **1**, Nephton, Ontario.

Product Applications
Container glass, sheet glass, fibre glass, paint, vinyl, plastic, ceramics, foam rubber.

Silica

Plant No **2**, St. Canut, Quebec
Plant No **3**, St. Donat, Quebec
Plant No **5**, Badgeley Island, Ontario
Plant No **6**, Midland, Ontario

Product Applications
Container glass, sheet glass, fibre glass, concrete products, paint, ceramics, foundry, construction, asbestos pipe, abrasives.

Construction Materials Division

Aggregates

Plant No **4**, Acton, Ontario
Plant No **7**, Milton, Ontario
Yard No **2**, Scarborough, Ontario
Yard No **3**, Pinecrest, Ontario

Product Applications
Concrete products, construction.

Foundry Division

Ferrous Alloy Castings

Fahralloy-Wisconsin Limited,
Orillia, Ontario.

Product Applications
A wide range of semi-machined and completely machined centrifugally cast products for the petroleum, chemical, steel and other industries.

Research Centre

1933 Leslie Street,
Don Mills, Ontario.

Indusmin products are basic raw materials. It is through continuing research that existing products find new uses and new products are developed.

Year in Brief

Fiscal Year ended December 31

		1975	1974
Net Sales ($ x 1000)			
Industrial Minerals Division	63%	$14,045	$13,283
Construction Materials Division	18	4,009	4,580
Foundry Division	19	4,209	—
Total net sales	100%	$22,263	$17,863
Net Sales by Quarter ($ x 1000)			
First	15%	$ 3,389	$ 3,475
Second	21	4,604	4,707
Third	34	7,468	5,322
Fourth	30	6,802	4,359
Total net sales	100%	$22,263	$17,863
Earnings ($ x 1000)			
Income before taxes		$ 3,364	$ 2,229
Income and mining taxes		1,379	963
Net income		$ 1,985	$ 1,266
Extraordinary item: Add (Deduct)		(68)	130
Net earnings		$ 1,917	$ 1,396
Net Earnings by Quarter ($ x 1000)			
First (Loss)	(3)%	$ (64)	$ (61)
Second	19	356	516
Third	34	657	562
Fourth	50	968	379
	100%	$ 1,917	$ 1,396
Balance Sheet Items ($ x 1000)			
Working capital		$ 3,589	$ 2,269
Shareholders' equity		16,562	15,521
Total assets		26,054	21,206
Per Share Data ($)			
Net earnings		$ 1.64	$ 1.20
Cash flow		4.03	3.80
Shareholders' equity		14.18	13.29
Dividends paid		.75	.75
Number — of shares issued		1,167,901	1,167,901
— of shareholders		2,712	2,775
— of employees		535	393

The Annual Meeting of the Shareholders of Indusmin Limited will be held in the British Columbia Room at the Royal York Hotel, 100 Front Street West, Toronto on Wednesday March 31, 1976 at the hour of 2:30 o'clock in the afternoon.

The cover design is an artistic interpretation of the nature of Indusmin . . . a growing, multi-layered, multi-faceted organisation. It is both a leading industrial minerals mining company and a manufacturing company offering broad applications for its various products.

To the Shareholders:

Towards the end of 1974 it had become obvious that the economy of North America was moving into a sharp recession. Accordingly, we had advised shareholders in the Annual Report for that year, that the sales outlook for 1975 was not encouraging.

Sales in 1975 of $22,263,000 were 24.6% higher than the 1974 level of $17,863,000. The 1975 net earnings of $1,917,000 represent a 37.2% gain in comparison with the prior year. Earnings per share in 1975 were $1.64 versus $1.20 in 1974 on the same 1,167,901 shares outstanding. It must be noted that the 1975 sales and earnings figures are inflated by the inclusion of the sales and earnings (for six months) of the wholly-owned subsidiary Fahralloy-Wisconsin Limited acquired July 1, 1975.

Operating Results

Industrial Minerals Division sales amounted to $14,045,000, up 5.7% from the record level of 1974. The performance of the elements within the group, however, was mixed. In comparison with 1974 Nepheline Syenite sales were down 2.6%, Silica (Quebec) sales up 12.2%, and Silica (Ontario) sales up 13.1%.

There was a marked decline in sales within the Construction Materials Division. Sales in 1975 were $4,009,000, a reduction of 12.4% in comparison with 1974. The narrowness of the market territory (principally Metro Toronto) undoubtedly made this group more vulnerable to depressed economic conditions.

The Foundry Division was not affected by the recession; in fact, 1975 was an exceptional year. The strength in sales resulted from the very heavy demand built up in 1974 within the entire foundry industry which sustained production levels near peak capacity throughout most of 1975. Sales for the last half of 1975 were $4,209,000, up 110% in comparison with the same period in 1974.

Acquisition of Fahralloy-Wisconsin Limited

For some years Indusmin management has considered it advantageous to diversify the Company's undertakings, particularly in view of the seasonal nature of some of its mineral operations, and has referred to such intentions frequently in directors' reports and at shareholders' meetings.

As an outgrowth of this policy, in July 1975, Indusmin acquired all the issued capital of Fahralloy-Wisconsin Limited for approximately $1.9 million cash.

Fahralloy-Wisconsin, which commenced operations in 1967 in a new plant in Orillia, Ontario employs 150 persons, and is a major producer of ferrous alloy tubing and other centrifugally cast products for a wide range of industries. Its products have particular application in nuclear reactors and petrochemical plants—two fields which exhibit better than average growth opportunities. The contribution of Fahralloy-Wisconsin to your Company's earnings in 1975 amounted to $593,000 being 51 cents per Indusmin share.

Acquisition of the Business Assets of Fahralloy Canada Limited

Fahralloy Canada Limited, a wholly-owned subsidiary of Falconbridge Nickel Mines Limited, has conducted a foundry enterprise in Orillia for forty years. Falconbridge also owns 69% of the equity of Indusmin Limited.

Fahralloy Canada has three plants and employs 500 persons. Sand and shell moulding methods are employed to produce a great diversity of castings in a wide range of metal alloys for the construction, transportation, heavy equipment, automotive, power generation and other industries.

Indusmin's management developed and proposed a plan for the integration of the two foundry operations under common ownership—designed to achieve improved efficiency and profitability, and to permit the needed modernization and expansion of these two inter-related enterprises.

Pursuant to this plan your Company's foundry subsidiary, Fahralloy-Wisconsin Limited, submitted its offer to purchase the business and assets of Fahralloy Canada Limited for a price of $5,800,000. The acceptance of this proposal was announced both publicly and to shareholders on November 10th last. All formalities of the acquisition have since been completed and both foundry enterprises, effective January 1, 1976, are now owned by Fahralloy-Wisconsin Limited, the name of which has since changed to Fahramet Limited. The Fahralloy Canada assets acquired by the subsidiary, Fahramet Limited, consisted of:

Accounts Receivable	$2,548,000
Fixed assets	2,055,000
Inventories, supplies, and work in progress	2,590,000
Other assets	57,000
	$7,250,000
Less Liabilities assumed	$1,450,000
Purchase Price	$5,800,000

The purchase price was satisfied as follows:

By cash ($3,800,000), raised by the sale of Fahramet preference shares to Indusmin; by the issue to Fahralloy Canada of Fahramet preference shares ($236,000), and a Fahramet promissory note ($1,764,000).

It was a term of the arrangement that Fahramet Limited would make an early cash payment to the vendor to redeem the promissory note. The amount of $1,764,000 cash for such purpose is proposed to be raised by an issue of newly created cumulative, redeemable, retractable preferred shares of Indusmin Limited, to be subscribed by Falconbridge Nickel Mines Limited. Shareholders at the annual meeting will be asked to authorize the creation of such preference shares.

Fahramet will undertake a major (estimated cost $7,000,000 at current prices) expansion and modernization program. This program will be initiated in 1976, if business conditions warrant, and will be conducted over a three-year period.

Fahralloy Canada sales and earnings (before extraordinary item) in 1975 amounted to $14,970,000 and $1,288,000, respectively.

Your management believes that the diversification objectives set have been met in making these acquisitions. Indusmin's lines of products and customers have significantly broadened, thus bringing greater market stability with less vulnerability to seasonal fluctuations and recurring weakness in demand in the few industries previously served. It is also anticipated that through the acquisition of this less capital-intensive business, Indusmin's ratio of sales and earnings to investment will be substantially improved.

Outlook for 1976

The economies of Canada and the United States are strengthening, but there is every indication that the rate of recovery will be slow. Two of the three divisions, Industrial Minerals and Construction Materials, are expected to exceed 1975 sales levels. Foundry Division sales are forecast to be at satisfactory levels, but the favorable conditions prevailing in 1975 are not likely to be duplicated in 1976.

The consolidated sales volume for Indusmin and its wholly-owned subsidiary, Fahramet Limited, should be in the order of $40,000,000, or approximately double that reported for 1975.

In October 1975, the Government of Canada introduced Anti-Inflation legislation that will have a pronounced, but as yet unrecognized, impact on Canadian business. There will be restraints on prices, profits, dividends and wages. If the objective of the government to reduce the rate of inflation is realized, the long-term benefits are welcome. In the short term, however, these controls will produce abnormal dislocation.

The achievements of a corporation are the product of the contributions of its employees, and to all of them we express sincere appreciation.

On behalf of the Board of Directors

J. J. Mather
President and Managing Director
February 5, 1976

Financial Review

Sales ($ x 1000)

	1975	1974	Change
Indusmin (12 months)	$18,054	$17,863	+ 1%
Fahralloy-Wisconsin (6 months)	4,209	N/A	
	$22,263	$17,863	+ 24.6%

Fahralloy-Wisconsin was acquired July 1, 1975. Therefore the sales data shown of that company is for the last six months only. A comparison with 1974 is not applicable. Fahralloy-Wisconsin sales for the entire year 1974 were $3,788,000 and $1,999,000 for the comparable six months.

Earnings ($ x 1000)

Net Income	1975	1974
— Indusmin	$ 1,392	$ 1,266
— Fahralloy-Wisconsin	593	N/A
Total	$ 1,985	$ 1,266
Net Income as a % of sales	8.9%	7.1%
Extraordinary item:		
Add (Deduct)	$ (68)	$ 130
Net earnings	$ 1,917	$ 1,396
Return on shareholders' equity	11.6%	9.0%
Net earnings per share	$ 1.64	$ 1.20

The acquisition of Fahralloy-Wisconsin and its inclusion for six months in 1975 contributed 51 cents per Indusmin share to give total net earnings of $1.64 per share.

Accounts Receivable

Accounts receivable at year end amounted to $6,197,000 being 23.2% of total billings of $26,682,000. The comparable ratio for 1974 was 16.5%. Total billings include transportation charges and sales tax of $4,419,000 which amount deducted from total billings gives rise to the recorded net sales figure of $22,263,000.

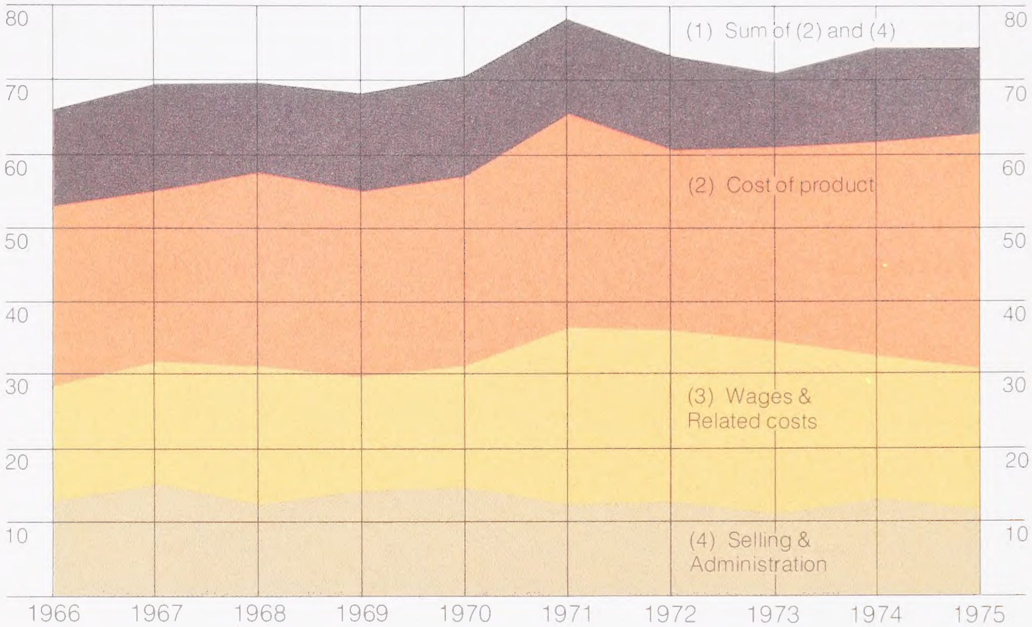
Accounts receivable were abnormally high at year end due to a prolonged postal strike which disrupted normal invoicing and collection procedures.

Cash Recovery from Operations

	1975	1974
Dollars (x 1000)	$4,707	$4,437
per share	$ 4.03	$ 3.80

The increase in working capital amounted to $1,320,000 providing working capital at year end of $3,589,000.

Percent of Sales



The contribution to cash recovery by each of Indusmin and Fahralloy-Wisconsin was $4,029,000 and $678,000 respectively.

Debt

	1975	1974
December 31	$4,363,000	$2,780,000

The Indusmin and Fahralloy debt positions at year end were $3,802,000 and $561,000 respectively. The consolidated debt is recorded as a current liability.

Capital Expenditures

	1975	1974
Expenditures ($ x 1000)	$1,609	$2,800
Ratio of expenditures		
— to write-offs	73%	129%
— to cash recovery	34%	63%

Of the total amount expended $21,000 was for the account of Fahralloy-Wisconsin.

Expenditures by category—% of total:

	1974	1975	Estimated 1976
— for increased capacity	33%	46%	41%
— for replacement & plant modernization	51%	39%	35%
— for environmental control	8%	14%	19%
— other	8%	1%	5%

The estimated total capital expenditure in 1976 is $2,796,000, with the Foundry Division accounting for $1,245,000 or 44% of the total.

Dividends

There were two dividend payments in 1975 totalling 75 cents. The dividend disbursements to date total $9,215,713.

per share	date of record	date paid
25 cents	June 3	June 20
25 cents + 25 cents (extra)	Nov. 25	Dec. 17

Write-offs

The write-offs for depreciation, depletion and development expenses amounted to $2,218,000, equal to 47% of the cash flow. The comparable ratio for 1974 was 49%.

Depreciation alone amounted to 95% of the total write-offs. Depreciation is calculated on a straight line basis in accordance with the policy tabulated below.

Assumed life	Indusmin	Fahralloy-Wisconsin
— mobile equipment	6	6
— buildings	12	25
— plant equipment	12	12

Distribution of Sales Revenue ($ x 1000)

Wages and related costs	$6,769	(30.4%)
Materials, supplies and services	$9,912	(44.5%)
Write-offs	$2,286	(10.3%)
Taxes	$1,378	(6.2%)
Profits	$1,917	(8.6%)

Return on Investment

Calculated as a ratio of net earnings to shareholders' equity the return on investment was 11.6% compared to 9.0% in 1974.

Industrial Minerals Division

The Industrial Minerals Division comprises three operations producing and marketing the minerals nepheline syenite and silica. Nepheline syenite is produced at Nephton, Ontario, and silica is produced at two locations, one in Quebec and one in Ontario.

Divisional Statistics

	1975	1974	% Change
Sales ($ x 1000)	$14,045	$13,283	+ 5.7
—% of total corporate	63.1	74.3	− 11.2
Capital expenditures ($ x 1000)	$ 1.149	$ 1.897	−39.4
Ore reserves (tons x 1000)			
—Nepheline syenite	20.755	17.600	
—Silica (Quebec)	8.857	5.600	
—Silica (Ontario)	15.283	14.500	

This is a photograph used in one of a new series of Indusmin advertisements to illustrate the important relationship between the ore and the end use.

Nepheline Syenite Operation

	1975	1974	% Change
Sales ($ x 1000)	$ 5,829	$ 5,984	− 2.6
—% of divisional	41.5	45.1	− 3.6
—% of total corporate	26.2	33.5	− 7.3
Sales (tons x 1000)	314	379	− 17.2

The recession had a marked effect on sales. The demand from the principal applications for nepheline syenite—container glass, flat glass and bathroom fixtures—was greatly reduced in comparison with 1974. Sales to the United States (accounting for 71% of the total) began to pick up marginally in the fourth quarter, but there was no such response evident in Canada.

Production

The low level of sales necessitated a cutback in production levels and the implementation of austerity measures to offset the rising cost of labor and materials and sharply higher unit fixed costs. The secondary mill expansion program initiated in 1974 was postponed until stronger market conditions prevail.

The quarry haulage contract was terminated and our own trucks placed in service.

Capital Expenditures

	1975	1974
Expenditures ($ × 1000)	$ 572	$ 958

Estimated capital program costs in 1976—$500,000.

Collective Bargaining Agreement

The present two-year agreement expires in October 1976. A wage increase of 14% provided for in the agreement went into effect during October 1975.

Outlook

The evidence of economic recovery in the United States leads us to predict that sales in 1976 will exceed those of 1975 and may reach the level (379,000 tons) attained in 1974. As earlier noted, we cannot yet determine the full impact of the recently introduced Federal Anti-Inflation legislation. If the price control measures are fairly and reasonably applied, the overall impact should not be too severe.

Ontario Silica Operation

	1975	1974	% Change
Sales ($ × 1000)	$3,522	$3,114	+13.1
—% of divisional	25.1%	23.4%	+ 1.7
—% of total corporate	15.8%	17.4%	− 1.6
Sales (tons × 1000)	396	375	+ 5.6

There is considerable room for growth in the Ontario silica market territory and the sales volume is more a direct function of plant capacity. Consequently, the recession had little impact here. The strike at the mine interfered with sales of crude ore and disrupted shipping schedules, but the overall loss in sales tonnage was minor.

Production

A strike at Badgeley Island over contract negotiations closed the mine for a period of five weeks. The inventories at Midland, however, were sufficient to maintain operations for the entire period.

The operating efficiency of the Midland milling plant continues to improve. The modification of the crushing circuit and other measures undertaken in 1975 improved the overall recovery and physical specifications of the primary product—melting sands for the glass industry. The improved product has increased customer utilization and the reduction in the ratio of fines produced to sand enables us, for the first time, to take on substantial new business. Additional sales tonnage should raise operating profits to a satisfactory level. The cash flow from this operation has been substantial, but profits have been marginal.

Capital Expenditures

	1975	1974
Expenditures ($ x 1000)	$418	$594

The estimated cost of the 1976 capital program is $280,000.

Collective Bargaining Agreement

There are two agreements, one covering the employees at the mine site (Badgeley Island) and another the employees at Midland.

The Badgeley agreement expired in April 1975. A new agreement expiring April 30, 1977 was signed in July after a five-week strike.

The Midland agreement expires in April 1976.

Outlook

The combination of improved product and surplus capacity should enable further penetration of new markets and the development of new business. We estimate an increase in sales in 1976 in excess of 10% in comparison with 1975.

Quebec Silica Operation

	1975	1974	% Change
Sales ($ × 1000)	$4,694	$4,185	+12.2
—% of divisional	33.4	31.5	+ 1.9
—% of total corporate	21.1	23.4	− 2.3
Sales (tons × 1000)	406	434	− 6.5

The greater number and diversity of the industries supplied from this location served to modify the impact of the recession.

The combination of higher unit prices and a more favourable product mix served to generate a sales dollar volume 12.2% higher than that of 1974 in spite of a 6.5% drop in tonnage.

Production

The decline in productivity evident in 1974 was arrested in 1975 and the improved performance of earlier years restored.

The new Mirabel airport, north of Montreal, for which substantial tracts of the company's lands were expropriated, was opened in November. As anticipated, the new job opportunities thereby created developed formidable competition for the available labor resulting in a high turnover rate. It is, of course, very difficult to maintain peak efficiency under such circumstances.

The construction activity on the site of the Olympic Games in Montreal has compounded the problem of recruiting people, but this competition will end by mid-1976, and there should be greater stability in the labor market.

Capital Expenditures

	1975	1974
Expenditures ($ x 1000)	$159	$345

The estimated cost of the 1976 capital program is $260,000.

Collective Bargaining Agreement

There are two agreements in force. One, which expired in January 1976, was renewed for a period of two years. The other expires in July of 1976.

Outlook

We predict that the 1976 sales tonnage will be about the same as that of 1975. Again, price controls may have a major, but presently indeterminate, influence on operating profits.

Construction Materials Division

The Construction Materials Division consists of two quarrying operations producing limestone aggregates for the construction industry. The quarries are located at Acton (owned outright) and Halton (leased) some 30 miles west of Toronto. The two quarries are separated by a few miles only and are managed as an integrated unit. The lease of the Halton property expires in 1979, but is renewable thereafter in five-year increments, at Indusmin's option, until February 2008.

Divisional Statistics

	1975	1974	% Change
Sales ($ × 1000)	$4,009	$4,580	− 12.4
—% of total corporate	18.0%	25.7%	− 7.7
Sales (tons × 1000)	2,271	3,050	− 25.7
Ore reserves (tons × 1000)			
—Acton	65,800	67,300	
—Halton	13,600	14,200	

The normal annual extraction rates for Acton and Halton are 2,000,000 tons and 800,000 tons respectively.

The depressed level of construction activity in the Metropolitan Toronto region, the principal market, had a major adverse effect on sales for most products. Sales of rip-rap material, a "24" x "24" product used in the construction of dams and seawalls were heavy, partially offsetting the lack of strong demand elsewhere.

The drop in sales dollar volume, 1975 vs. 1974, was less than the drop in tonnage due to the change in product mix and higher unit prices. Before year end there was evidence of a weakening in prices due to the excess in supply over demand.

Production

To serve the expanding market for a rip-rap product, a special circuit was installed at Acton, at a cost of $345,000. This proved to be a very timely investment providing much needed additional sales potential. Production levels in 1975 were below those of 1974, Acton being down by 23% and Halton by 34%.

Capital Expenditures

	1975	1974
Expenditures ($ x 1000)	$413	$716

The 1975 expenditure was allocated $387,000 at Acton and $26,000 at Halton.

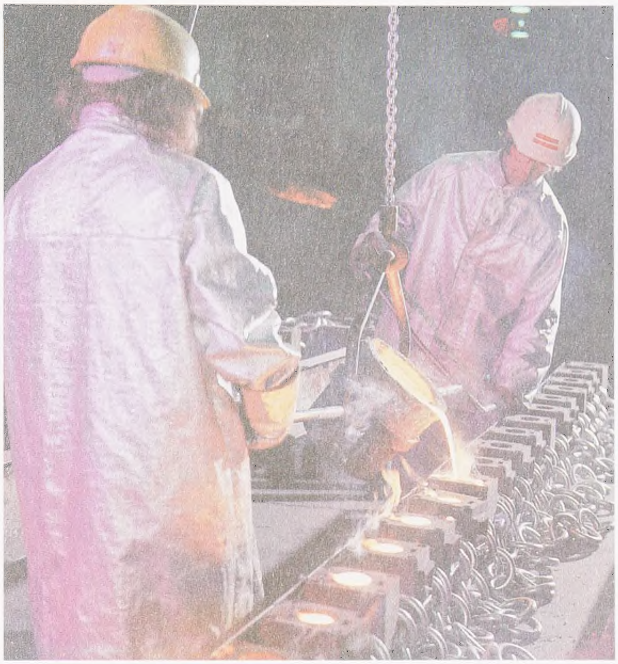
The estimated cost of the 1976 capital expenditure program is $400,000.

Collective Bargaining Agreement

Of the two properties, only Acton has a collective bargaining agreement. The Acton agreement provided for a wage increase of 17% in November 1975. This agreement expires in October 1976.

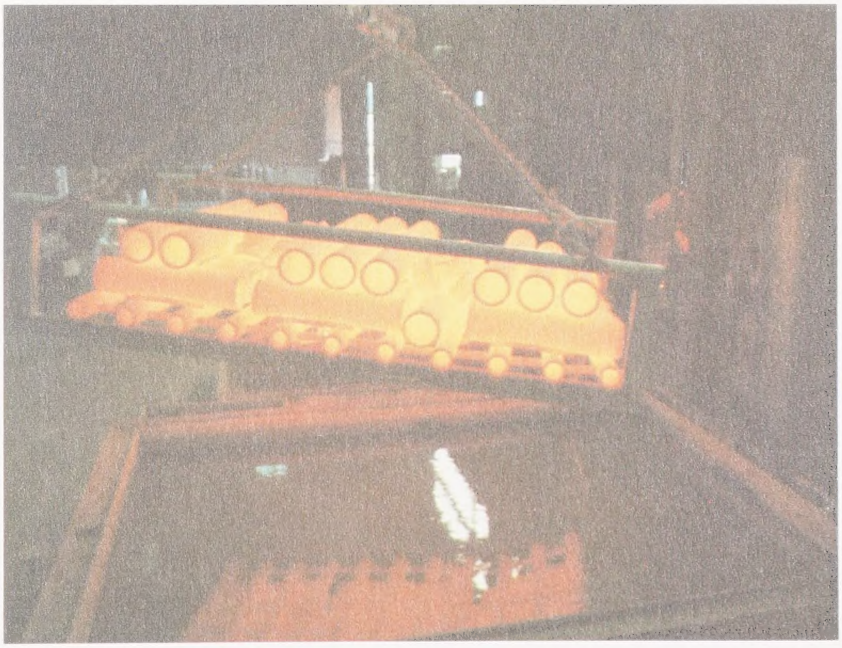
Outlook

We are predicting some improvement in market conditions in 1976 and a gain in sales tonnage in comparison with 1975. The price deterioration evident in the last half of 1975 and the restraints imposed by the Federal Anti-Inflation measures will have an as yet unknown impact on sales revenue and earnings.



High nickel alloy chain links are cast in shell moulds for cement kiln applications by Fahralloy Canada Limited.

(Below) Water quench treatment of lattice tubes used in nuclear plants.



Finishing the fabrication of coil assemblies used in Canada's petrochemical industry. This operation combines machined sand-cast return bends with centrifugally cast tubing.

Pulling a horizontal centrifugal casting from a die.

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Foundry Division

Fahralloy-Wisconsin Limited

The Fahralloy-Wisconsin Limited facilities consist of a foundry (horizontal and vertical centrifugal casting), machine shop and fabrication shop. Ferrous alloy castings, as independent units or as fabricated assemblies, are produced for a wide range of applications in the chemical, petrochemical, steel, power generation and other industries.

Under a licensing agreement with Wisconsin Centrifugal Incorporated of Waukesha, Wisconsin, (one of the founding partners), Fahralloy-Wisconsin has continuing access to one of the best sources of technical expertise.

Divisional Statistics (July-December)

($ x 1000)	1975
Sales	$4,209
—% of total Indusmin	18.9%
Earnings Statement	
—Operating profit	$1,320
—Deduct: Corporate expense	286
—Income before taxes	$1,034
—Deduct: taxes	441
—Net earnings	$ 593

In 1975 Fahralloy-Wisconsin recorded the highest level of sales and earnings since start-up in late 1967. The company entered 1975 with an order backlog of some $7,500,000 which was reduced to $5,400,000 by year end. While the sales tonnage was up significantly, the sales dollar volume showed a disproportionately higher increase due to substantial increases in the cost of metals and changes in product mix.

Sales and net earnings for the entire year 1975 were $8,267,500 and $955,700 respectively. The corresponding figures for 1974 were $3,788,000 and $111,200.

Production

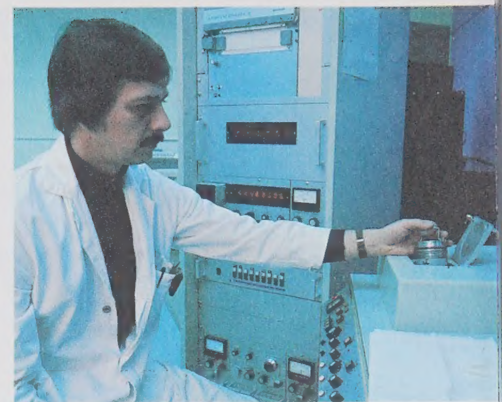
Introduction of a new production scheduling system and re-organization of management contributed to improved productivity. The stringent product specifications have always incurred high scrap rates. The 1975 rates, however, were higher than usual due to the stronger demand for small diameter, light wall tubing, one of the more difficult products to cast.

Capital Expenditures

Capital expenditures for the last half of 1975 were $21,000. The 1976 budget provides for capital expenditures of $296,000.

Outlook

Major expansion programs, now being undertaken in the chemical and petrochemical industries, should provide healthy market conditions in 1976 and 1977. Sales in 1976 will likely fall below the favorable level of 1975, but substantially above those of 1974 or any prior year.



Indusmin's Technical Centre has and will continue to play an essential part in the company's growth. Above a technician determines the chemical composition of minerals using an X-ray spectrograph.

Fahralloy Canada Limited

The operations of Fahralloy Canada Limited were integrated with those of Fahralloy-Wisconsin Limited on January 1, 1976. Both companies are located in Orillia, Ontario.

Earnings Statement

($ x 1000)	1975
Sales	$14,970
—Cost of sales	11,016
—Selling, General & Administration	1,780
Operating Profit	$ 2,174
—Interest & other income—net	61
Profit before tax	$ 2,235
—Taxes	947
Net earnings from operations	$ 1,288

The year 1975 was an extraordinary period for the foundry industry generally. By late 1974 the demand for ferrous alloy castings had exceeded industry capacity, foundry order backlogs were building rapidly, and foundries were quoting "earliest possible" delivery dates of 16 months and longer. Fahralloy Canada entered 1975 with an order backlog of $10,600,000 but by mid-year the demand was declining, and by year-end the backlog had been reduced to $7,000,000 and normal delivery schedules prevailed.

Raw material costs, particularly metals, which had been increasing frequently and sharply early in the year, were stabilizing by year-end. The combination of fluctuating metal costs and extended delivery dates imposed great difficulties in terms of price setting. In many instances it was necessary to insert escalation clauses in sales contracts.

Production

Production levels were at near capacity levels throughout most of 1975. Productivity improvements were achieved through the implementation of new scheduling techniques, better maintenance procedures and equipment utilization. As a result of concerted effort, employee-management relations were much improved. Wage rates were increased at the beginning of 1975, and again in June to reach levels equating with the highest in the area. An Employee Advisory Committee was formed and is very active in providing advice to management on safety and other work-related matters.

A concentrated program was also initiated to upgrade working conditions and environmental control. As the plants are located in built-up areas, the suppression of dust, noise, fume and odour levels is of extreme importance.

Capital Expenditures

Capital expenditures in 1975 amounted to $200,000. During 1976 the first stage of a major $7,000,000 modernization and expansion program will be launched. The initial phase, expansion of Plant #1, will cost an estimated $600,000. Succeeding phases will provide a new foundry facility and raise production capacity to double the current level. An additional $394,000 is allocated for 1976 for replacements and other capital purposes.

Preliminary engineering for the total program is scheduled for completion by June 1976. Various foundry techniques and layouts have been studied and evaluated to ensure the erection of a facility that will employ the latest manufacturing technology and the best environmental control systems obtainable.

Outlook

The strong demand for castings prevailing throughout most of 1975 had declined by year-end and many customers were requesting later delivery dates on orders already booked. As a consequence, it is anticipated that the level of sales in 1976 will be below that of 1975, but well above the level of $10,800,000 achieved in 1974. The integration of the casting, machining and fabricating facilities of the two companies should yield higher efficiency in production, administration and services, and thereby strengthen Fahramet's competitive position. The expansion program will be scheduled in accord with demand. However, current projections call for the initiation of the program in 1976.

Products of the F-W centrifugal casting process. High-integrity vertically cast fittings for use in the petrochemical industry are shown against a backdrop of horizontally cast stainless steel lattice tubes used in nuclear reactors.

indusmin limited

(incorporated under the laws of Canada)

Consolidated Statement of Financial Position

December 31, 1975

	1975	1974
Current Assets		
Cash	$ 23,375	$ 34,874
Accounts receivable for products and freight	6,196,813	3,845,301
Inventories (note 2)	4,668,619	2,906,494
Prepaid expenses and other current assets	313,651	159,375
	11,202,458	6,946,044
less		
Current Liabilities		
Bank advances	4,363,336	2,780,158
Accounts payable and accrued charges	2,022,130	1,764,810
Estimated income and mining taxes payable	1,051,945	(21,558)
Principal payments due within one year on mortgage loans and notes	176,297	153,600
	7,613,708	4,677,010
Working Capital	3,588,750	2,269,034
Mining properties, mining and manufacturing plant and equipment, net (note 3)	12,850,471	12,121,445
Other mining properties and expenditures thereon	642,900	666,800
Unamortized deferred development expenditures	513,139	596,753
Investment in unconsolidated subsidiary (note 1)	321,053	321,053
Investment in associated and other companies (note 5)	438,878	438,878
Loans receivable, secured	84,803	115,565
Total assets less current liabilities	18,439,994	16,529,528
Mortgage loans and notes less amounts due within one year	158,426	95,966
Deferred income and mining taxes (note 1)	1,719,500	912,300
	1,877,926	1,008,266
Shareholders' Equity	$16,562,068	$15,521,262
Ownership evidenced by:		
Capital stock		
Authorized—2,000,000 shares with no par value		
Issued and fully paid—1,167,901 shares	$10,854,014	$10,854,014
Retained earnings	5,708,054	4,667,248
	$16,562,068	$15,521,262

Approved on behalf of the Board:

J. J. Mather, Director

W. E. Curry, Director

Auditors' report to the shareholders

We have examined the consolidated statement of financial position of Indusmin Limited and its wholly-owned subsidiary companies as at December 31, 1975 and the consolidated statements of earnings and retained earnings and changes in financial position for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances except that, as indicated in note 10, information is not available to permit us to make a reasonable determination of the effect of non-compliance, if any, with the Anti-Inflation Act and Regulations.

In our opinion, except for the effects, if any, which may result from the federal anti-inflation legislation referred to above, these consolidated financial statements present fairly the financial position of Indusmin Limited and its consolidated subsidiaries as at December 31, 1975 and the results of their operations and the changes in financial position for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

McColl, Turner & Co.

Chartered Accountants

Peterborough, Ontario
January 29, 1976

Consolidated Statement of Earnings and Retained Earnings

year ended December 31, 1975

	1975	1974
Sales	[illegible]	$17,862,578
Cost of products sold	[illegible]	10,990,246
Selling, general and administrative expenses	[illegible]	2,235,643
	[illegible]	13,225,889
Operating profit before providing for the undernoted charges	[illegible]	4,636,689
Depletion	[illegible]	36,357
Development expenditures written off	[illegible]	182,537
Depreciation	[illegible]	1,959,064
	[illegible]	[illegible]
Operating profit	[illegible]	2,458,731
Interest expense	[illegible]	314,025
Income from investment (note 5)	[illegible]	(84,497)
	[illegible]	[illegible]
Income and mining taxes (note 1)		
Currently payable	[illegible]	114,500
Deferred	[illegible]	848,300
	[illegible]	962,800
Net income before extraordinary item	[illegible]	1,266,403
Adjustment to reduce the cost of acquisition of subsidiary company to the net book value of the assets acquired (note 6)	[illegible]	
Settlement received in respect of costs, expenses and damages related to expropriation proceedings at St. Canut, less income taxes attributable thereto		(130,000)
Net earnings for the year	[illegible]	1,396,403
Retained earnings, beginning of year	[illegible]	4,146,771
	[illegible]	5,543,174
Dividends paid	[illegible]	875,926
Retained earnings, end of year	$ 5,700,094	$ 4,667,248
Earnings per share:		
Before extraordinary item	[illegible]	$ 1.08
After extraordinary item	[illegible]	$ 1.20

indusmin limited

Consolidated Statement of Changes in Financial Position

year ended December 31, 1975

			1975	1974
Source of funds				
Net earnings for the year			$ 1,916,732	$ 1,396,403
Charges against operations which did not require a cash outlay during the year:				
Depreciation, depletion and amortization of deferred development expenditures			2,217,573	2,177,958
Income and mining taxes deferred (note 1)			572,200	848,300
Disposal of fixed assets			151	14,219
			4,706,656	4,436,880
Notes payable with respect to equipment purchases less payments thereon in 1975			238,757	
Principal payments on loans receivable and sundry recoveries			30,763	24,996
			4,976,176	4,461,876
Application of funds				
Purchase of subsidiary company (note 6)		$ 1,876,232		
less				
Premium on acquisition written off in 1975	$ 50,000			
Working capital acquired	831,808	881,808		
Expenditure on non-current assets (net)			994,424	
Consisting of:				
Property, plant and equipment (net book value)		1,229,424		
Deferred income taxes		(235,000)		
		$ 994,424		
Expenditures on plant, equipment and mine development (net)			1,609,813	2,800,114
Provision for payments on notes and mortgage loans			176,297	153,600
Dividends paid to shareholders			875,926	875,926
			3,656,460	3,829,640
Increase in working capital			1,319,716	632,236
Working capital—beginning of year			2,269,034	1,636,798
Working capital—end of year			$ 3,588,750	$ 2,269,034

Notes to Consolidated Financial Statements

December 31, 1975

1. Accounting Policies

(a) Consolidation policy

(i) The consolidated financial statements for 1975 reflect the financial position, the results of the operations and the changes in financial position of Indusmin Limited and the wholly-owned subsidiary companies, American Nepheline Corporation and Industrial Minerals Canada Limited (currently a non-operating company).

Additionally, the consolidated financial statements for 1975 reflect the financial position, the results of operations and the changes in financial position of Fahralloy-Wisconsin Limited for the six months' period ended December 31, 1975, this wholly-owned subsidiary company having been acquired as of July 1, 1975.

(ii) The financial statements of the majority-owned foreign subsidiary company, Klukwan Iron Ore Corporation, have not been consolidated with those of Indusmin Limited. As a matter of corporate policy, the investment in the shares of this company is carried at cost. Indusmin Limited owns 95.6% of the issued Class A shares representing a voting interest of 93.6% and a 70.5% interest in the earnings of Klukwan Iron Ore Corporation. This company owns a large low-grade iron ore deposit in Alaska which is under lease until the year 2036 to United States Steel Corporation or assignee for a minimum annual royalty, currently, of $100,000. The lessee has the right to (a) purchase the deposit for $10,000,000 less all royalties paid to date—which at December 31, 1975 totalled $887,695, (b) terminate the lease on ninety days' notice. The relevant financial data, expressed in U.S. dollars, is set out below:

	1975		1974	
	Total	Indusmin's share*	Total	Indusmin's share*
Net book value	$384,853	$271,321	$401,550	$281,085
Working capital	209,559	147,739	226,256	158,379
Net income	70,145	49,452	74,745	52,322
Dividends paid	80,522	56,800	62,366	42,600

* based on the 70.5% interest in earnings (1974—70%)

Indusmin Limited has taken into income in 1975, $48,280 being a dividend of U.S. $56,800 less U.S. non-resident tax thereon. The comparable net dividend in 1974 was $36,210.

(b) Translation of foreign currencies

Assets and liabilities in currencies other than Canadian dollars have been translated into Canadian dollars at current rates of exchange at December 31, 1975 except that fixed assets and accumulated depreciation have been translated at the rates prevailing at dates of acquisition. Revenues and expenses in currencies other than Canadian dollars have been translated at the average monthly quoted rates of exchange except that provision for depreciation has been translated at the rates prevailing when the expenditures on related fixed assets were made.

(c) Depletion, depreciation and amortization

The company policy is to provide depletion of aggregate deposits on the basis of ore withdrawn and, commencing in 1971, to amortize the cost of other industrial mineral deposits in equal annual amounts over 25 years.

Depreciation is calculated on the straight line basis assuming a useful life of six years for mobile equipment, twenty five years for manufacturing buildings and twelve years for all other plant and equipment.

Repairs and maintenance are charged to operations or development; betterments and replacements are capitalized. Upon sale or retirement the cost of the assets and the related allowances for depreciation are removed from the accounts and any gains or losses thereon are taken into earnings

(d) Development and pre-production expenditures

Expenditures on development of ore bodies prior to the commencement of production are deferred in the company's accounts. The amounts so deferred with respect to aggregate deposits are being written off over twelve years on the straight line basis — in the case of the other ore bodies these expenditures are being amortized on the basis of ore withdrawn as a percentage of estimated ore reserves in the particular deposits

(e) Income and mining taxes

The company, in accounting for corporate income and mining taxes, uses the deferral method of tax allocation to determine the total taxes applicable to the net earnings of the year. The taxes currently payable in any particular year may vary from the taxes applicable to the earnings of that year by reason of timing differences which arise when expenses recorded in the accounts differ from related amounts claimed in calculating taxable income. As a result of timing differences in 1975, the payment of taxes totalling $572,200 has been deferred to future years

The deferred income and mining taxes of $1 719,500 at December 31, 1975 include deferred income taxes of Fahralloy-Wisconsin Limited of $235,000 accumulated to June 30, 1975 — at which time the shares of that company were acquired

2. Inventories

	1975	1974
Minerals divisions		
Crude ore and finished products — valued at the lower of cost or net realizable value	$1,794,755	$1,531,961
Operating supplies and spare parts — at cost	1,692,968	1,374,533
Foundry division		
Raw materials — valued at the lower of average cost or replacement value	606,356	—
Work in progress — valued at the lower of direct cost and net realizable value	574,540	-
	$4 668,619	$2 906 494

3. Mining properties, plant and equipment

	1975	1974
Buildings, plant and equipment, at cost.		
Minerals divisions	$30,318 573	$28 794,700
[illegible]	[illegible]	
	32 337 830	28 794,700
Accumulated depreciation	20 328,551	17 531 953
	12,009 279	11 262,747
Mining properties and land, at cost less depletion	841,192	858,698
	$12,850,471	$12 121,445

4. Expropriations

On December 17, 1974 the Government of Quebec expropriated a portion of the property owned by Indusmin Limited in the Parishes of St Benoit, Ste Scholastique and St. Augustin for highway construction purposes. This is a part of a presently undeveloped orebody which is unrelated to the company's current operations. The government authorities have indicated that this expropriation will be withdrawn and will be replaced by a new expropriation requiring less of the company's property

5. Investment in associated and other companies

The company's investments are detailed as follows

	Number of shares	Indicated market value	Cost
Falconbridge Nickel Mines Limited	16,759	$486,011	$433,196
Quebec Cobalt and Exploration Limited	43,200	25,920	4,968
Other		—	714
		$511,931	$438,878

The market values shown above are based upon closing market prices on December 31, 1975 and, due to the number of shares involved, are not necessarily indicative of the amount that could be realized on sale

Income from investments	1975	1974
Dividends received		
Falconbridge Nickel Mines Limited	$16,759	$33,518
Klukwan Iron Ore Corporation	56,800	42,129
Interest income from loans and sundry deposits	12,414	8,850
	$85,973	$84,497

6. Acquisition

The company purchased, as of July 1, 1975, all outstanding shares of Fahralloy-Wisconsin Limited for a cash consideration of $1 876 232. Additionally, a licensing agreement was executed with Wisconsin Centrifugal Inc to make available to Fahralloy-Wisconsin Limited an advanced form of technology related to the metal casting business

This purchase has been reflected in the consolidated financial statements in the following manner

Cash consideration for the purchase of shares		$1,876,232
deduct		
Premium paid on acquisition — written off against earnings in 1975		50,000
Net book value of net assets of Fahralloy-Wisconsin Limited acquired		$1 826,232
represented by		
Working capital		$ 831,808
Non-current assets (net)		
Plant, property, equipment	$1,229,424	
Deferred income taxes	(235,000)	994,424
		$1,826,232

The company charged $68 541 against earnings in 1975 as an extraordinary item representing $50,000 premium paid on acquisition of the shares and professional fees and disbursements of $18,541 related to the purchase

7. Lease obligations

The company in 1970 leased certain mineral property and equipment from Halton Crushed Stone Limited for a ten year period subject to options to renew in further five year periods until the year 2008. The property is held under an agreement which provides for an annual rental of $90,000, a participation in profits and a royalty on products sold

The company has under lease until November 13, 1994 the property near St Canut on which the silica deposit and related manufacturing and processing facilities are located. This lease, which is subject to certain renewal privileges, provides for an annual rental of $20,000

8. Retirement plans

The company, in association with Falconbridge Nickel Mines Limited and certain affiliated companies, maintains retirement plans providing retirement, death and termination benefits for all salaried employees. The plans have been amended from time to time and, based upon the most recent actuarial evaluation, such amendments have resulted in unfunded past service obligations having a present value of $190,680 at December 31 1975 which have not been provided for in the company's accounts and for which the company has no legal obligation. However, the company intends to fund these obligations through annual payments over the next thirteen years

9. Directors and senior officers

The board of directors of the parent company, Indusmin Limited, consists of seven directors whose remuneration as directors totalled $22 500 in 1975. There are eight officers and senior managers as at December 31, 1975, one of whom is also a director of the company. The remuneration of officers and senior managers aggregated $245,104 in 1975. The remuneration of directors, officers and senior managers of the parent company included in the accounts of the subsidiary companies was $6,300 in 1975 and represented a portion of the aggregate remuneration shown above

10. Anti-inflation legislation

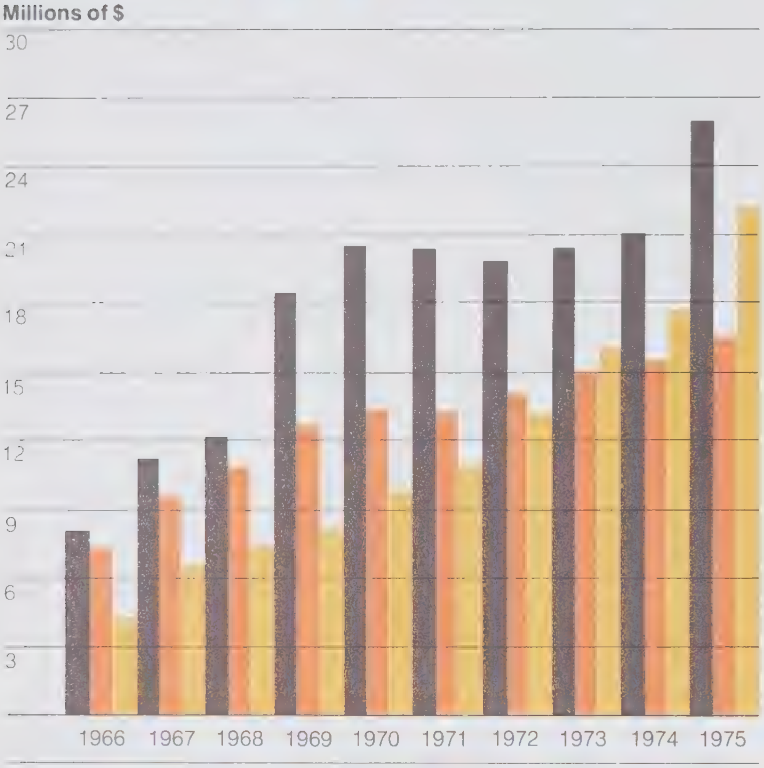
Effective October 14, 1975 the Federal Government passed the Anti-Inflation Act and subsequently issued Regulations which are presently scheduled to be in force until December 31, 1978. Under this legislation, the company and its wholly-owned subsidiary, Fahralloy-Wisconsin Limited, are subject to mandatory compliance with controls on prices, profit margins, employee compensation and shareholder dividends. Additionally, with respect to exports, legislation imposes a 100% levy on export sales revenues in excess of those permissible under the Guidelines for the Anti-Inflation Programme. Under the proposals 75% of such levy will be refundable in the ten years following the end of the control period and, under certain conditions, 90% of the levy may be refunded

The effects on the companies of the Regulations on export levies, prices, profit margins, employee compensation and shareholder dividends are not yet clear owing to uncertainties as to interpretation and the need to develop appropriate data from the companies' records. Accordingly, neither company has been able to estimate or calculate its position with respect to the Anti-Inflation Act and the Regulations issued thereunder

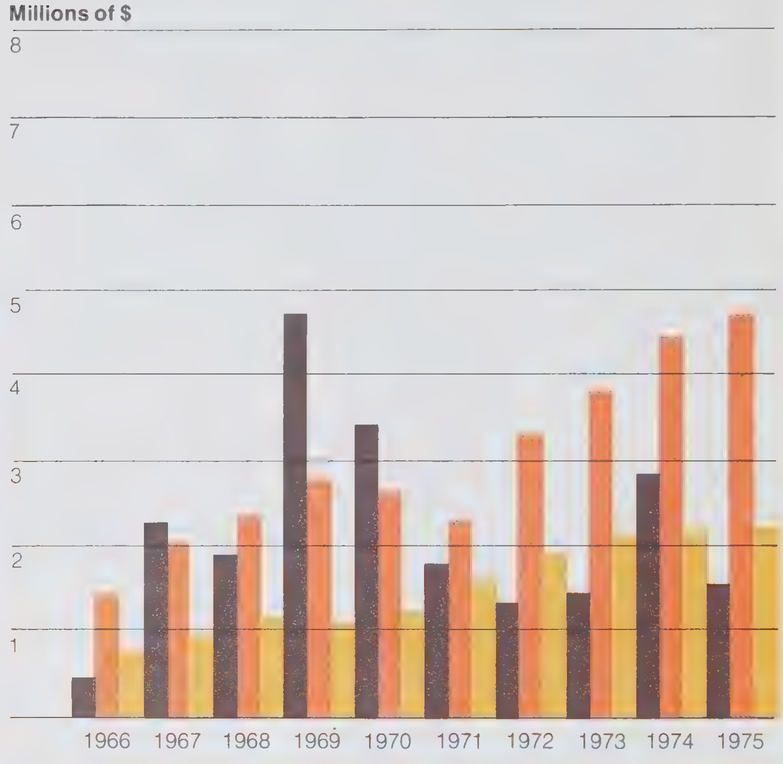
11. Subsequent events

Pursuant to an agreement dated November 7, 1975 Indusmin's wholly-owned subsidiary company, Fahralloy-Wisconsin Limited, has agreed to purchase the business of Fahralloy Canada Limited for $5,800 000. Under the terms of this agreement Fahralloy-Wisconsin Limited will acquire all assets of Fahralloy Canada Limited as at January 1, 1976 (except any amounts receivable from Falconbridge Nickel Mines Limited) and will assume all liabilities of the vendor (except any liabilities for corporation income taxes), the transaction to close on January 30, 1976

Total Assets, Shareholders' Equity, Sales

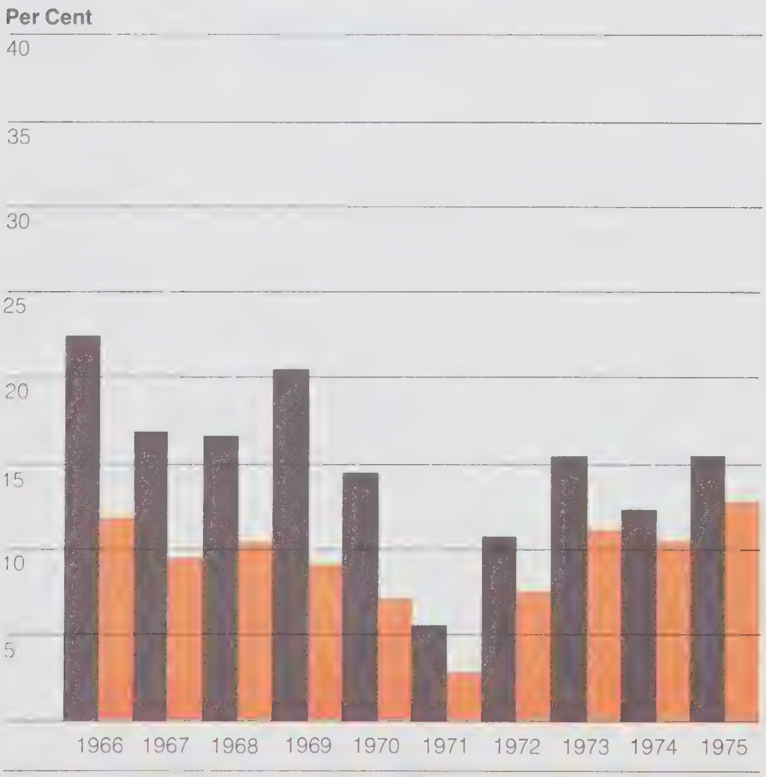


Cash Flow, Depreciation, Capital Expenditures

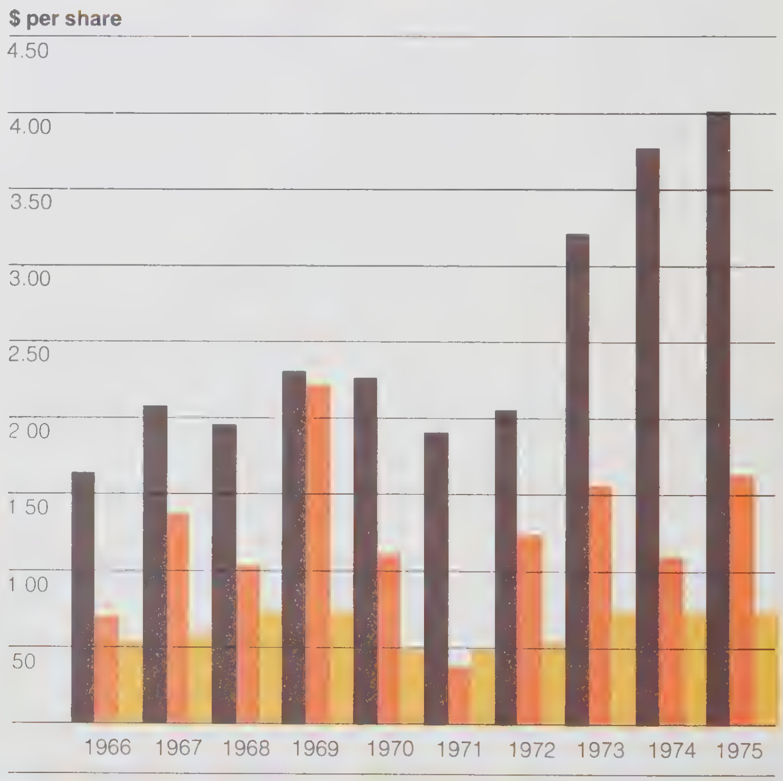


Income before Taxes

As a % of Sales
As a % of Total Assets



Cash Flow, Dividends, Net Earnings



Statistical Summary

(Dollars in 000's except amounts per share)

	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966
Operating results										
Sales	$22,263	$17,863	$16,145	$13,221	$10,947	$ 9,736	$ 8,220	$ 7,379	$ 6,532	$4,448
Operating profit —	3,576	2,459	2,515	1,674	855	1,724	1,555	1,190	1,045	949
— *% of sales*	*16.1*	*13.8*	*15.6*	*12.7*	*7.8*	*17.7*	*18.9*	*16.1*	*16.0*	*21.3*
Interest expense	298	314	274	298	375	366	112	—	—	—
Other income	(86)	84	198	76	77	91	224	34	56	49
Income before taxes	3,364	2,229	2,439	1,452	557	1,449	1,667	1,224	1,101	998
Income and mining taxes	1,379	963	763	432	139	627	695	537	298	389
Net income —	1,985	1,266	1,676	1,020	418	822	972	687	803	609
— *% of sales*	*8.9*	*7.1*	*10.4*	*7.7*	*3.8*	*8.4*	*11.8*	*9.3*	*12.3*	*13.7*
— per share	$ 1.70	$ 1.08	$ 1.44	$ .87	$ .36	$ .70	$ .83	$ .59	$ .83	$ .71
Add extraordinary item	(68)	130	160	442	41	483	1,537	526	526	—
Net earnings —	1,917	1,396	1,836	1,462	459	1,305	2,509	1,213	1,329	609
— per share	$ 1.64	$ 1.20	$ 1.57	$ 1.25	$ .39	$ 1.12	$ 2.15	$ 1.04	$ 1.38	$ .71
Capital & mine development expenditures	1,609	2,800	1,439	1,335	1,798	3,450	4,862	1,971	2,284	358
Depreciation, amortization & depletion	2,218	2,178	2,060	1,911	1,588	1,142	1,064	1,100	984	724
Cash flow from operations	4,707	4,437	3,777	3,266	2,262	2,668	2,707	2,318	2,018	1,412
Financial position										
Working capital (deficit)	3,589	2,269	1,637	(844)	(2,132)	(1,983)	(629)	2,604	1,568	2,488
Net plant & equipment	12,850	12,121	11,331	11,778	12,342	12,386	10,695	6,925	7,176	4,433
Total assets	26,054	21,206	20,454	19,935	20,437	20,601	18,403	12,171	11,221	8,165
Shareholders' equity	16,562	15,521	15,001	14,041	13,222	13,346	12,625	10,992	9,539	7,324
% Return on shareholders' equity	*11.6*	*9.0*	*12.2*	*10.4*	*3.5*	*9.8*	*19.9*	*11.0*	*13.9*	*8.3*
Dividends										
Dividends — paid	876	876	876	642	584	584	876	825	550	471
— per share	$ .75	$ .75	$ .75	$ .55	$ .50	$ .50	$ .75	$ .75	$ .60	$ .55
Shares outstanding 31st December	1,167,901	1,167,901	1,167,901	1,167,901	1,167,901	1,167,901	1,167,901	1,167,901	965,497	856,855

NOTES: (1) The figures for 1973 and prior years have been restated to reflect the effects of the following:
- (a) the settlement of the St. Canut Expropriation (1973 and prior years to 1969)
- (b) the tax effect on Quebec Silica tax exempt income not previously recorded (1972 and 1973)
- (c) the adoption of the tax allocation basis of accounting for income and mining taxes (1970 and prior years)
- (d) the inclusion in the income statement of items which were previously shown in the statement of retained earnings (1970 and prior years)

(2) Acton Limestone Quarries Limited was merged with Indusmin Limited in 1967.

(3) Q.M.I. Minerals Limited was merged with Indusmin Limited in 1968.

Fahralloy-Wisconsin Limited

Head Office

Orillia, Ontario. L3V 6L6

Directors

H. T. Berry—Toronto, Ontario
Vice-President Metallurgy & Research
Falconbridge Nickel Mines Limited

O. D. Cowan—Toronto, Ontario
Chairman
General Impact Extrusions Limited

W. E. Curry—Waterloo, Ontario
Consultant

N. A. Dobbie—Orillia, Ontario
Vice-President & General Manager
Fahralloy-Wisconsin Limited

F. D. Hart—Arlington, Virginia
President
American Gas Association

J. D. Krane—Toronto, Ontario
Assistant to Vice-President—Corporate Affairs
Falconbridge Nickel Mines Limited

J. J. Mather—Toronto, Ontario
President
Indusmin Limited

C. M. Woodruff—Toronto, Ontario
Senior Vice-President
Indusmin Limited

Officers

J. J. Mather —*Chairman of the Board*

C. M. Woodruff —*President & Managing Director*

J. L. Matthews —*Secretary*

J. A. Jackson —*Treasurer*

Senior Management

N. A. Dobbie —*Vice-President & General Manager*

J. A. Jackson —*General Manager Finance*

R. E. McCarthy —*General Manager Operations Services*

C. G. Campbell —*General Manager Quality Control & Product Engineering*

L. M. LePage —*Sales Manager*

R. L. Rumball —*Plant Superintendent*

indusmin limited

Head Office

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Directors

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*J. K. Godin—Toronto, Ontario
Consulting Mining Engineer

F. D. Hart—Arlington, Virginia
President
American Gas Association

†E. L. Healy—Toronto, Ontario
Executive Vice-President Operations
Falconbridge Nickel Mines Limited

†J. J. Mather—Toronto, Ontario
Vice-President Industrial Minerals Division
Falconbridge Nickel Mines Limited

R. E. Paré—Montreal, Quebec
Executive

*G. T. N. Woodrooffe—Toronto, Ontario
Vice-President Corporate Affairs
Falconbridge Nickel Mines Limited

*Members of the Audit Committee
†Members of the Executive Committee

Officers

J. J. Mather—*President & Managing Director*

D. D. Anderson—*Secretary*

J. D. Krane—*Treasurer*

Administration

365 Bloor Street East
Suite 200
Toronto, Ontario. M4W 1H7

C. M. Woodruff—*Senior Vice-President*

J. L. Caylor—*Vice-President—Construction Materials Division*

G. E. Dale—*Vice-President—Finance*

R. Lavertu—*Vice-President—Industrial Minerals Division*

K. Ogris—*Vice-President—Corporate Development*

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365 Bloor Street East
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W. B. Midgette—*Sales Manager*

Construction Materials Division
R.R. #3
Milton, Ontario. L9T 2X7
A .H. Morrison—*Sales Manager*

Production Management

Nepheline Syenite Operation
Nephton, Ontario. K0L 2T0
G. H. Taylor—*Manager*

Quebec Silica Operation
P.O. Box 700
St. Jerome, Quebec J7Z 5V4
A. A. Bois—*Manager*

Ontario Silica Operation
P.O. Box 220
Midland, Ontario L4R 4K8
W. W. Westaway—*Manager*

Aggregates Operation
P.O. Box 240
Acton, Ontario L7J 2M3
D. L. Murdy—*Manager*

Research Center

1933 Leslie Street
Don Mills, Ontario M3B 2M3
J. Kriens—*Manager Research and Technical Development*

Transfer Agents

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Toronto, Ontario M5H 2P4

Auditors

McColl, Turner & Co.
Peterborough, Ontario K9H 3J6

Solicitors

Strathy, Archibald, Seagram and Cole
Suite 1700—110 Yonge Street
Toronto, Ontario. M5C 1T7

Subsidiaries

Fahramet Limited

(formerly Fahralloy-Wisconsin Limited)
Orillia, Ontario L3V 6L6

Wholly-owned

Fahralloy-Wisconsin, acquired 1 July 1975, is a producer of ferrous alloy tubing with an extensive machine shop and metal fabricating capability.

American Nepheline Corporation

P.O. Box 14445
Columbus, Ohio 43213

Wholly-owned

This corporation provides technical and engineering services to Indusmin's customers and sales agencies in the United States.

Klukwan Iron Ore Corporation

Suite 201, 311 Franklin Street
Juneau, Alaska 99801.

93% voting interest
70% interest in profits

Klukwan owns a large low-grade iron ore deposit in Alaska which is under lease until the year 2036 to United States Steel Corporation or assignee.

indusmin limited

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